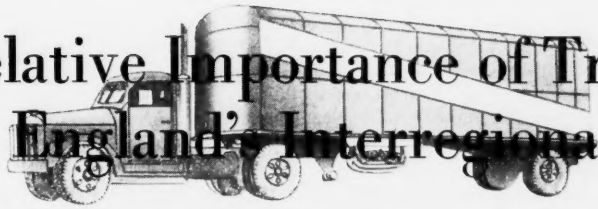
Monthly Review

Federal Reserve Bank
of Boston

Going skiing?

# The Relative Importance of Trucking in New England's Interregional Trade



**Trucking accounted for an estimated 29 per cent of the total tonnage of all commodities shipped to and from New England in 1950. This estimated relative importance of trucking is a weighted average of 2,515 estimates for individual commodities made by 618 New England business firms. The study of trucking is a part of the bank's continuing study of New England's economic relationships with other regions.**

THE VOLUME OF FREIGHT moving over our highways has been increasing at a spectacular rate in recent years. There are few figures available, however, on the types of products or the relative tonnage shipped by truck in the transportation industry.

To determine the relative importance of truck shipments in New England's interregional trade, this bank recently conducted a survey of a group of New England business firms. Data on the tonnages of commodities shipped to and from New England by rail and water appear in published sources, but no reliable information is available on truck shipments. Air shipments at the present time are a relatively small percentage of total tonnage. An understanding of interregional economic relationships, however, depends on a knowledge of the types and quantities of all commodities which move among regions.

The nature of the trucking industry makes it impractical to attempt to collect from the truckers themselves comprehensive statistics on commodities carried or distances involved. Thousands of trucking firms ranging from single individuals operating one vehicle to common and contract carriers with fleets of several hundred trucks and combinations serve New England. Some firms specialize in particular commodities while others carry various types of commodities. In addition, many business firms operate their own trucks to supply their own transportation needs. It would, therefore, be very difficult to obtain a sample of truck operators representative of trucking classified by commodities.

### *A Survey of New England Business Firms*

Twenty-nine per cent of the total tonnage of all commodities currently shipped to and from New England is carried in trucks. This estimate is a weighted average of 2,515 estimates for individual commodities made by 618 New England business firms.[1] This bank sent questionnaires requesting an evaluation of the importance of trucking in the shipment of raw materials and finished products to and from New England to over twenty-four hundred firms. The firms receiving the questionnaire represented all of New England's major types of business. The use of the Interstate Commerce Commission's classification of commodities tied in the results with the rail tonnage figures published by the Commission.

The estimates of the importance of trucking rest on the quantity of goods shipped, not their value. If, in averaging the estimates, the relative importance (weight) of the commodities had been determined by value shipped rather than by quantity, the overall importance of trucking would be much greater than that shown. The use of tonnage figures for coal and coke, shipped principally by rail and water, gives them a

[1]The average of the estimates giving the importance of trucking for each commodity is weighted by the relative importance of that commodity in the total of all commodities shipped interregionally. The Interstate Commerce Commission reports the annual tonnage of each commodity carried by rail and the Chief of Army Engineers reports similar data for shipments by water. The tonnage derived by the use of the average trucking estimate for each commodity is combined with the rail and water tonnage for that commodity to arrive at an estimate of the total tonnage shipped. This estimated total tonnage shipped provides the weight to be given to the commodity.

much greater importance than they would receive on a value basis.

If products of mines are excluded, 39 per cent of all commodities are moved by truck in New England's interregional trade. Products of mines, on a quantity basis, accounted for over one-fourth of the tonnage figures carried by rail, water and truck. Since the average estimate for all products of mines carried by trucks is only three per cent, it is clear that the use of tonnage figures pulls down the overall average.

The firms responding in the survey gave almost twice as many estimates for commodities moving into New England as they gave for those sent out of the region. Because New Englanders consume a much wider variety of commodities than they produce and ship from the region, there will naturally be more types of commodities brought into the region. Nevertheless, the estimates of the importance of the use of trucks for inbound shipments show no significant differences from estimates for outbound shipments.

The computation of an average of the estimates given for any particular commodity depends on an assumption that all of the shippers giving estimates have equal importance in the shipment of the commodity. Because the shipment of any commodity will vary in importance among firms, there is probably a varying degree of error involved in an average of individual estimates. Estimates for the shipment of specific commodities in detailed classifications are less reliable than for major groups and aggregate tonnage. The size of any error will probably not be significant if there are a very large number of estimates from a cross-section of business firms facing similar decisions. Consequently, the number of estimates of the importance of trucking in shipments of the major commodity groups is shown in order to indicate the coverage of the survey.

The figures have been rounded to the nearest unit percentage to avoid an implication of unwarranted preciseness. *It should be remembered that these are* ***estimates*** *of the relative importance of trucking and not statements of the exact percentage of goods shipped to and from the region in trucks.*

### *The Importance of Trucking by Commodities*

The average importance of trucking for each of the five major commodity classifications and for selected groupings of individual commodities within each major classification appears in an accompanying chart. The estimates given by business firms cover a wide range of commodities and the grouping of similar products presents the basic patterns revealed by the survey.

**Products of Agriculture.** Railroads and water carriers predominate in the transportation of grains and grain products to and from New England, according to 77 estimates given by the surveyed business firms. None of the estimates of the importance of trucks in interregional shipment of grains was above ten per cent and 37 of the 46 estimates given for these products stated that no trucking was used. According to 19 of the 31 estimates given for grain products, rail or water carriers handled all of their shipments.

Trucking plays an important role in the shipment of nearly all other products of agriculture. The 14 estimates of truck shipments given for fruits range from zero for some fruits to 90 per cent of total shipments for others, and result in a weighted average of 42 per cent. The estimates given for the shipment of vegetables range from zero to 100 per cent, but yield a low weighted average primarily because almost one-fourth of the firms used only rail or water transport for particular commodities within this major group.

The weighted average of all estimates of truck shipments for fruits and vegetables is 25 per cent. This is not inconsistent with the results of surveys made by the Department of Agriculture.[2] According to its data, trucking accounted for 18 per cent of total unloads of fresh fruits and vegetables at Boston in 1949 and 20 per cent in 1950. The current survey should probably arrive at a higher estimated importance of trucking because it covered firms in all sections of New England, many of which are not as well serviced by railroads as Boston. In addition, Boston is an important assembly point for redistribution to nearly all of New England and thus receives a much larger volume of shipments by rail than outlying sections.

**Animals and Products.** Truckers have established a very strong position in the interregional shipping of animals and products. Business firms gave 108 estimates and placed the importance of trucking at about 40 per cent of total shipments.

Approximately 62 per cent of all **poultry and products** and **dairy products** are shipped by truck, according to the 35 estimates given for these commodities. One-third of the firms estimated that trucks carried over 90 per cent of the total shipped. The estimates for inbound shipments assigned about the same importance to trucking as those for outbound shipments.

The estimates for **cattle and calves** and **meats and packinghouse products** reveal a greater importance of trucking for shipments from New England than for shipments into the region. This may be accounted for partially by the difference in the length of haul. Meat shipments from the region go primarily to the New York metropolitan area, while a large share of those coming into New England originate in the midwest. In addition, the inbound shipments of meats and products are much larger in volume than the outward shipments. Greater economies through the use of rail transportation may, therefore, result.

**Products of Mines.** The role played by trucking in the interregional shipping of **coal and coke** is still relatively insignificant. The survey, in this case, supports what is already generally conceded because of the nature of the product and the limitations or advantages of the various means of transportation. The firms participating in the survey gave 187 estimates which yield an average importance of two per cent for truck tonnage. Of these estimates, 174 stated that no trucking was used. Because of the large number of estimates given and the consistency of the replies, we may say with some confidence that the rail tonnage figures published by the Interstate Commerce Commission and the water tonnage figures published by the Chief of Army Engineers represent nearly all of the total shipments of these commodities to and from New England.

Trucking is much more important in the interre-

[2]Department of Agriculture, Production and Marketing Division, *Unloads of Fresh Fruits and Vegetables at Boston*, 1950.

gional shipment of **stone, phosphate rock, and sulphur** than in the shipment of other products of mines, according to 32 estimates given for these products. The weighted average of the estimates places the importance of trucking at 10 per cent of the total shipped in New England's interregional trade.

The tonnage of coal and coke shipped is so large a share of the total tonnage of all products of mines that it dominates the overall percentage showing the relative importance of trucking for this group of products. The weighted average of all estimates given for the group is only three per cent.

**Products of Forests.** Trucks carry one-fourth of all forest products shipped to and from New England. The firms surveyed gave 134 estimates of the importance of trucking and they yield a weighted average of 26 per cent. Lumber and pulpwood accounted for 94 per cent of the total tonnage of products of forests used for assigning importance to the individual commodities in this classification, and therefore dominate the overall average. The average of the 100 estimates given for lumber and pulpwood is 25 per cent as compared to 26 per cent for all forest products.

The estimates for pulpwood show a much greater use of trucking for shipments from New England than for shipments into the region. A partial explanation, as in the case of meats, is found in the volume of inward as compared to outward shipments and the relative lengths of the hauls. "Exports" of New England pulpwood go principally into New York State and are small in comparison with the region's imports. The large volume of pulpwood coming into the region originates almost entirely in Canada. Pulpwood originating in Nova Scotia comes to New England principally by water, while a major portion of the tonnage originating in New Brunswick and other areas is shipped in by rail.

**Manufactures and Miscellaneous.** Trucks carry slightly over 40 per cent of all the manufactured products shipped to and from New England. Cooperating firms gave 1,872 estimates of the importance of trucking in the interregional shipment of these commodities. The average of these estimates, with each commodity weighted according to the relative tonnage shipped, establishes the importance of trucking at 42 per cent of total shipments.

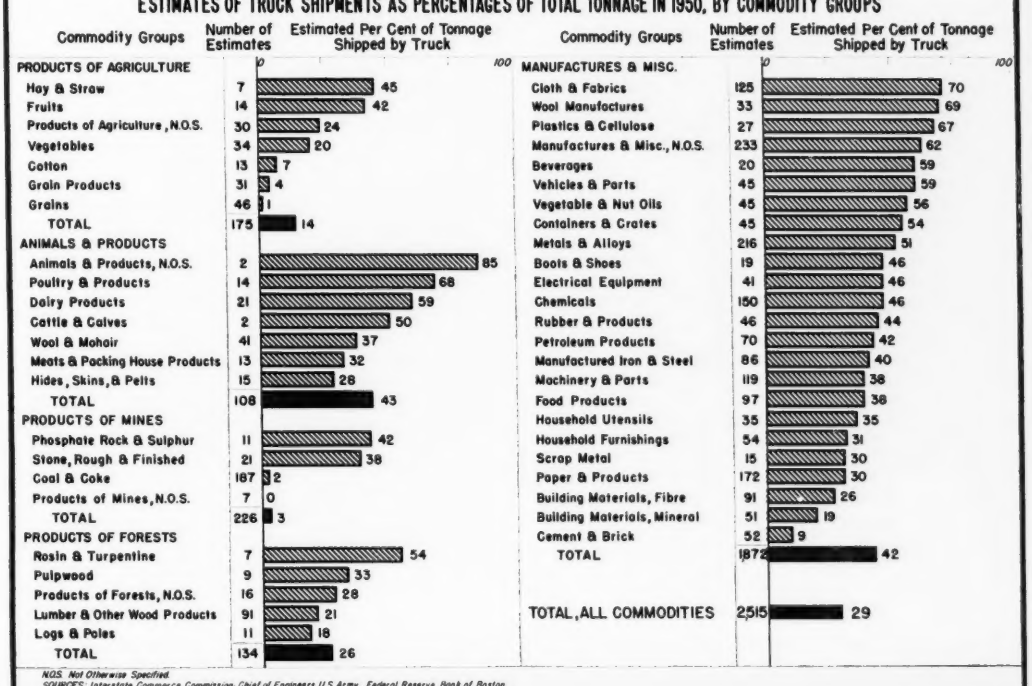
Trucking has become the most important means of transportation for a large number of manufactured commodities, in many cases overshadowing combined rail and water transportation. Approximately 70 per cent of the **cloth and fabrics** and **wool manufactures** shipped to and from New England are carried in trucks according to 185 estimates given by firms responding to the questionnaire. The chart shows seven other commodity sub-groups for which trucks account for over 50 per cent of total shipments.

Firms shipping **boots and shoes, chemicals,** or **electrical equipment** rely heavily on trucks. On the average, 46 per cent of these products are shipped by this means of transportation.

Shippers of **mineral building materials** (lime,

## TRUCKING IN NEW ENGLAND'S INTERREGIONAL TRADE

### ESTIMATES OF TRUCK SHIPMENTS AS PERCENTAGES OF TOTAL TONNAGE IN 1950, BY COMMODITY GROUPS


Commodity Groups
Number of Estimates
Estimated Per Cent of Tonnage Shipped by Truck
0
100
PRODUCTS OF AGRICULTURE
Hay & Straw 7 45
Fruits 14 42
Products of Agriculture, N.O.S. 30 24
Vegetables 34 20
Cotton 13 7
Grain Products 31 4
Grains 46 1
TOTAL 175 14
ANIMALS & PRODUCTS
Animals & Products, N.O.S. 2 85
Poultry & Products 14 68
Dairy Products 21 59
Cattle & Calves 2 50
Wool & Mohair 41 37
Meats & Packing House Products 13 32
Hides, Skins, & Pelts 15 28
TOTAL 108 43
PRODUCTS OF MINES
Phosphate Rock & Sulphur 11 42
Stone, Rough & Finished 21 38
Coal & Coke 187 2
Products of Mines, N.O.S. 7 0
TOTAL 226 3
PRODUCTS OF FORESTS
Rosin & Turpentine 7 54
Pulpwood 9 33
Products of Forests, N.O.S. 16 28
Lumber & Other Wood Products 91 21
Logs & Poles 11 18
TOTAL 134 26
MANUFACTURES & MISC.
Cloth & Fabrics 125 70
Wool Manufactures 33 69
Plastics & Cellulose 27 67
Manufactures & Misc., N.O.S. 233 62
Beverages 20 59
Vehicles & Parts 45 59
Vegetable & Nut Oils 45 56
Containers & Crates 45 54
Metals & Alloys 216 51
Boots & Shoes 19 46
Electrical Equipment 41 46
Chemicals 150 46
Rubber & Products 46 44
Petroleum Products 70 42
Manufactured Iron & Steel 86 40
Machinery & Parts 119 38
Food Products 97 38
Household Utensils 35 35
Household Furnishings 54 31
Scrap Metal 15 30
Paper & Products 172 30
Building Materials, Fibre 91 26
Building Materials, Mineral 51 19
Cement & Brick 52 9
TOTAL 1872 42
TOTAL, ALL COMMODITIES 2515 29

N.O.S. Not Otherwise Specified.
SOURCES: Interstate Commerce Commission, Chief of Engineers, U.S. Army, Federal Reserve Bank of Boston.

plaster, stucco, sewer pipe, drain tile, and others) rely more heavily on rail and water means of transportation than on trucking. Furthermore, trucks are used less for the interregional shipment of **cement and brick** than for any other manufactured products.

### *The Trucking Industry in New England*

The results of this survey apply only to the relative importance of interregional trucking — the transportation of commodities to and from the New England region. It must be remembered that short-haul trucking is of much greater importance within the trucking industry than long distance hauling. Interurban trucking, from farm to city and from rail, water, and pipeline terminals to distribution points, as well as intracity delivery by department and other retail stores pile up an amazing truck tonnage.

The Interstate Commerce Commission publishes the total tonnage carried in intercity transportation by their Class I registered truckers. These data do not include public motor carriers with annual gross operating revenue under $200,000 or privately owned and operated vehicles. New England Class I carriers hauled 7.0 per cent of the total intercity tonnage carried by all such carriers in 1948 and 6.3 per cent in 1949, according to I.C.C. data.

The American Trucking Association's index of tons transported in intercity service by Class I motor carriers indicates a much slower **rate** of growth of the industry in the New England region than in any other section of the United States. With 1941=100, the New England index rose from 60 in 1938 to 123 in 1949. The index for the United States as a whole rose from 56 to 179; that for the Northwest, the region showing the largest increase, from 62 to 249. It must be remembered that these are percentage increases and they say nothing about the actual volume of business. The **rate** of growth may be slower in New England during the period covered because the industry was more highly developed in the region prior to 1938.

### *Conclusions*

Prior to World War I, shippers at many locations had no satisfactory alternative to rail service. The development of motor vehicles and of an efficient highway system since that time has introduced a strong element of competition and at the same time made possible greater economic development of regions previously without adequate transport facilities. Truck competition was first centered upon short hauls of high-value commodities. Through improvement of vehicles and roads and the acquisition of transportation experience, the trucking industry has appreciably widened the scope of its operations, both in terms of commodities carried and length of haul.

The results of the survey are consistent with the contention that trucking has extended its services to a very wide range of commodities. The outstanding exceptions are products shipped in bulk with relatively low unit value such as coal or grains. The survey indicates that trucking is a strong competitor for the interregional shipping of nearly all of the products for which reporting firms gave estimates, and in many cases has already acquired a leading position.

# Snow Attracts Skiers

VACATION lodging places in New Hampshire and Vermont have enjoyed their best December since 1946 and 1947. December receipts may exceed those in any previous year. Prospects for the remainder of the ski season appear equally bright.

Vacation lodging places remaining open for winter sports business received about 37 per cent more money from 35 per cent more guests in December 1951 than in December 1950. Advance reservations for January, February and March are well above those for the same months at the same time a year ago.

Skiable snow over the Christmas-New Year holiday period gave the winter sports operators a much needed lift. Optimism is running justifiably high throughout the ski areas. Snow is continuing to build up. At present levels any normal January thaw would only improve the base for skiing. Barring abnormal conditions, good snow should remain throughout the season.

The winter sports business in New England is a very young business. Only 17 years ago, the first ski lift in the United States was built at Woodstock, Vermont. From this crude rope-tow, powered by a Model T, the present multi-million-dollar industry with over 400 tows and lifts has developed in New England.

The business, like Topsy, "just growed." It had excellent conditions for growth. Good lodging facilities were quickly made available by winterizing summer-vacation places. Ski areas generally were easily accessible to nearby metropolitan areas because of good public transportation and highways.

Natural growth, however, has its limitations. For example, cultivation and selection in agriculture have helped to improve the volume and quality of crops. A concentration of business in the period between Christmas and Washington's Birthday accompanied growth in the winter sports industry. On the other hand, snow conditions established the prime season between mid-January and late-March. Three consecutive poor winters have emphasized the need for cultivation in the winter sports industry.

The excellent Christmas-New Year business this year will not pigeon-hole plans for development of more stability in the winter-sports business. Through promotion and educational programs, the winter-sports operators hope to cultivate more January, February, and March skiing. March needs the most attention and will get it through special promotions.

Skiing conditions are usually at their best in March, but only the enthusiast knows about them. In the past, operators have expected the impetus of early-season skiing and promotion to carry their business through March. The assumption failed to work because there was usually no snow along the coast at that time of the year to stimulate ski interest. This year, and in the future, operators at almost every major ski-area plan intensive promotion of March business.

Despite the enthusiasm generated by December business, winter-sports operators realize that it is only icing on their winter cake. Good January, February, and March business, with a little April flavoring, could produce the cake which they have hoped for in the industry.

*Monthly Review*
FEDERAL RESERVE BANK OF BOSTON

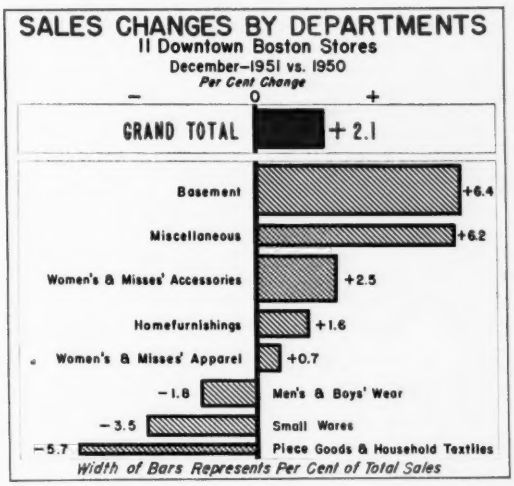
# Buying Spurts in Christmas Season

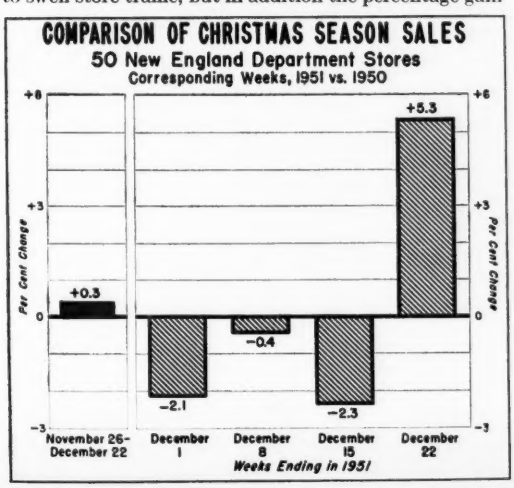
CHRISTMAS season dollar sales at New England department stores again reached a new high in 1951. For the second year in a row, sales in the final week pulled pre-Christmas sales ahead of those in the previous year. Downtown Boston stores set the pace with an 8.8 per cent year-to-year sales increase in the final week and swung the balance in favor of 1951. Sales had lagged in the first three weeks of December. Last-minute sales had to exceed expectations in order to surpass their high comparative level in 1950. Consequently, the final result surprised many retailers and retail trade observers in the region.

Longer store hours and a large volume of sales on the final Saturday both contributed to the 1.9 per cent increase in 1951 over 1950 sales in Downtown Boston stores for the same number of shopping days prior to Christmas. Nevertheless, the performance temporarily reversed the trend toward saving in evidence previously during the second half of the year. Sales in Downtown Boston stores also increased despite obstacles such as an increase in taxes, the attraction of newly opened suburban stores, the popularity of "big-ticket" items in 1950, and a conservative inventory policy which restricted types and sizes of soft-goods merchandise. The ratio of end-of-month stocks to sales for November in Boston stores was 2.57 in 1951 in contrast with a higher ratio of 2.74 in 1950.

With sales for Monday, December 24, an extra shopping day, included in the 1951 total, Christmas season sales at Downtown Boston stores were 5.5 per cent higher in 1951 than in 1950. Downtown Boston stores led in year-to-year performance in 1951 in contrast to their eclipse by other New England stores in 1950.

The sales momentum generated in the last week before Christmas carried over into Christmas week. Sales for the week ending December 29 exceeded those in the corresponding week in 1950 by approximately 25 per cent in 50 southern New England department stores. Plant closings on the Monday before Christmas helped to swell store traffic, but in addition the percentage gain seemed to emphasize the drawing power of special incentives and promotions as stimuli for sales under current conditions.




Consumers shopped extensively for bargains and for children's merchandise in the 1951 Christmas season. They spent eight per cent more dollars in the basement departments of Downtown Boston stores than in the 1950 Christmas season. The basement department also ranked first among major departments scoring year-to-year percentage gains in 1950. Furthermore, sales of toys and games, infants' wear including furniture, and girls' and teen-age wear exceeded those in the corresponding period in 1950 by from 10 to 12 per cent. In contrast, sales in the small wares department, which includes jewelry and silverware, slipped behind their level in 1950 by about 3.5 per cent. In the 1950 Christmas season they had exceeded comparative sales in 1949 at Downtown Boston stores by the same percentage.

Sales by departments of Downtown Boston stores in the 1951 Christmas season also revealed that nondurable-goods sales continued to inch ahead. Women's and misses' accessories and apparel departments both had year-to-year percentage gains, as shown in an accompanying chart. Although homefurnishings department sales also went ahead of those in 1950, they achieved the gain despite comparative weaknesses in sales of major household appliances and radios, television sets, and phonographs. The strength of nondurable-goods sales improves the prospects for a recovery in the textile and shoe manufacturing industries in New England.

New England department store sales in 1951 were 2.4 per cent ahead of sales in 1950. In January, however, sales in 1952 will come up against a high comparative level of sales in 1951 because of extensive promotions and the secondary post-Korean buying spree. Consequently, confirmation of any definite trend toward increased consumer expenditures and a drift from saving in New England must await the returns for February in the department store field.

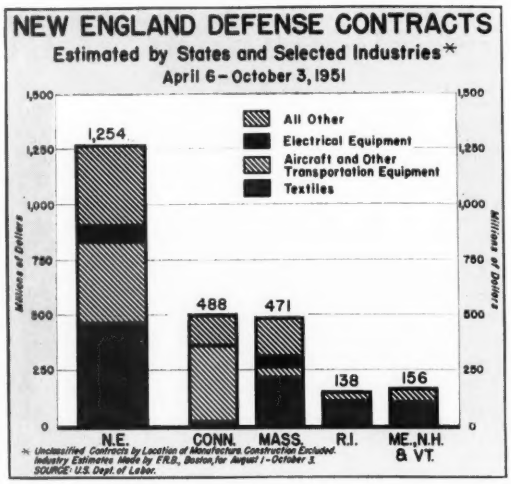
# New England Answers Call for Production

NEW ENGLAND manufacturers are answering the call to arms production. Non-secret defense orders accepted by New Englanders exceeded $1.9 billion in the 15 months after Korea. Secret defense orders accounted for at least another $1.4 billion. Altogether, New England firms contracted to produce a volume of goods that is about 18 per cent of their World War II contribution. During 1952, New England firms may expect to share in a $38 billion fund that was appropriated but not obligated in 1951.

In normal years, New England firms contribute about nine per cent of the value added by manufacturing in the nation and during World War II they produced 9.13 per cent of defense supplies. As yet, there is not enough information to analyze the geographical pattern of *all* defense production. Considering *non-secret* contracts, exclusive of construction, New England firms received 15.7 per cent of the national total during the first nine months of 1951. This high proportion may be explained: (1) by the growth of important defense industries such as electrical machinery and aircraft manufacture in the region; (2) by the need for large quantities of textiles and shoes early in the defense program; (3) by the greater availability of free plant capacity open for defense production as the program started; (4) by an expansion of new manufacturing floor space; (5) by the adeptness shown by New England manufacturers in converting to defense production.

More and more New England manufacturers are turning to defense production. During the third quarter of 1951, 203 of the region's firms were added to the list of those who had received prime contracts. A survey of 104 member companies of the New England Purchasing Agents Association revealed that in November 42 per cent had direct defense orders. In 20 per cent of the companies more than half of the order backlogs were defense orders.

Textile producers have received a large but decreasing portion of New England defense contracts. It is estimated that during the 15 months after Korea textile products constituted more than 43 per cent of all non-secret defense production in New England. That proportion diminished as textile orders in the region dropped off and hard-goods orders swelled in volume. For the ten-week period ending October 3, it is estimated that textile defense contracts constituted only 24 per cent of the New England total and yet the region's share of the national total of non-secret defense contracts remained at 15 per cent.




Two growing industries are providing a steadily expanding share of regional defense production. Contracts for the production of aircraft and other transportation equipment items accounted for 28 per cent of the region's non-secret defense orders in the 26-week period ending October 3, 1951. Although the shipyards have received scattered contracts, existence of the "mothball fleet" has removed the necessity for an accelerated program of shipbuilding.

The third ranking New England activity, in terms of defense contracts, is the production of electrical machinery. The importance of electric and electronic devices has led to large contracts for New England firms. In the 26-week period ending October 3, the electrical-machinery industry in New England received non-secret contracts totaling an estimated $89 million, about seven per cent of the regional total.

The three industries discussed above (textiles, aircraft, and electrical machinery) received 73 per cent of the non-secret contracts awarded in New England during the 26-week period ending October 3. The remaining portion was scattered around 18 other industry groups. The shoe and leather industry contributed about five per cent and the apparel industry about four per cent of the regional total.

Connecticut manufacturers are producing a large and steadily increasing share of New England's defense goods. In the 15 months after Korea, Connecticut firms received 23 per cent of the region's non-secret defense contracts. During the 26-week period ending October 3, their proportion rose to 39 per cent. The corresponding change for Massachusetts was a drop from 41 to 37 per cent. Connecticut orders were heavily concentrated in the aircraft industry group (66 per cent of the state total), whereas Massachusetts orders were concentrated in textiles (49 per cent) and electrical machinery (14 per cent).

### *Technical Note*

The fundamental reason for analyzing defense contracts information is to appraise the region's performance in the national defense production program. Unfortunately, there are many pitfalls in such an appraisal, and four difficulties merit individual mention. (1) Munitions Board publications allocate the dollar volume of *all* defense contracts among states by the location of the contractor's main office. For that reason they do not always assign contracts to the state in which the actual production work is done. (2) No other Federal agency reports data on secret contracts which probably constitute a substantial proportion of total awards and are unlikely to be uniformly distributed regionally. (3) Beginning August 1, 1951, the dollar value of any single contract in excess of $250,000 was not reported. For an eight-week sample period prior to August 1, 1951, the contracts in excess of $250,000 constituted from 42 to 95 per cent of the dollar volume of all unclassified contracts in New England. (4) Finally, the interregional diffusion of defense work through subcontracting cannot be appraised on the basis of defense contract announcements.

*Monthly Review*
FEDERAL RESERVE BANK OF BOSTON

# Business: A Contrast by Areas

Businessmen in New England started off the New Year in a moderately optimistic frame of mind. The metal-using industries were busy, and concentrations of defense work expanded operations in some communities. Soft spots because of materials shortages were troublesome only in the jewelry, brass, and textile-machine plants. Jewelry makers have succeeded in obtaining an increase in their copper allotments for the first and second quarters of 1952.

The textile and leather-and-shoe industries remained in the doldrums, but a slight year-end improvement took place in civilian demand and defense reorders. Retail trade was good during the holiday season, and store buyers began to show more interest in expanding their stocks.

Commercial, industrial, and agricultural loans outstanding in the region increased during the fall and early winter, although the rate of expansion was much slower than a year ago. Savings on deposit at New England savings and commercial banks were estimated to be about $390 million higher in November 1951 than a year ago.

Freight carloadings in N. E. ran behind year-ago levels in mid-December 1951, as they had since last June. Electric energy distribution continued to be slightly higher than in 1950, and steel production as a per cent of capacity was about the same as in 1950. The number of business failures in New England was very low during the first eleven months of 1951 compared to the similar count in 1950, but the liabilities involved were substantially greater.

Demand for the products of manufacturers in Massachusetts eased off at the year end, according to the volume of new orders reported by the Associated Industries of Massachusetts. Fabricated metals and non-electrical machinery groups in the durable-goods lines suffered a temporary set-back, principally in backlogs of orders. On the other hand, the hard-hit textile industry experienced an increase in demand this November which carried the volume of orders 24 per cent higher than in November 1950. Defense orders helped out somewhat in November, but were less numerous in the first three weeks of December. In the woolen and worsted center of Lawrence, mill employment in early January was running about 40 per cent of employment at full-scale activity.

The textile industry apparently is facing up to its problems in 1952. A New England Governors' committee will study controversial questions. Union-management negotiations in the spring will discuss issues in the woolen and worsted industry because managements have sent notices which terminate or ask for reconsideration of many union agreements.

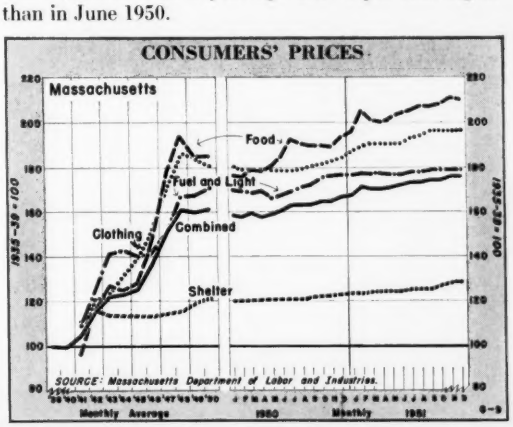
Demand in the limping shoe-and-leather industry also improved in November and December, although the volume of orders received by Massachusetts manufacturers in November was only about three-quarters of the volume a year ago. Industry spokesmen were optimistic, however, since sales had worked off stocks of shoes at retail. Two *consecutive* poor seasons seem unlikely, according to the trade.

Increasing employment in the durable-goods industries and in government service carried nonagricultural employment above year-ago levels despite the dip in nondurable-goods employment. A labor shortage exists in some Connecticut areas where unfilled vacancies in skilled engineering occupations have hampered industrial expansion. Metalworkers released because of material shortages are usually readily absorbed by other metal-using industries. Although there has been some shift of idle jewelry, textile, and shoe workers out-of-area or to defense plants, many are immobilized in one-industry localities and far outnumber job opportunities. Workers continue to move from northern New England to the defense plants of Connecticut, but at a slower pace than a year ago.

Government financed production and research facilities will be expanded substantially in New England during 1952, including a plant to forge aircraft parts, a helicopter plant, expansion of the Watertown arsenal, an electronics research laboratory, and a Quartermaster climatic laboratory. The Air Force and Navy are building new facilities and reactivating old ones at Limestone, Brunswick, and Portland, Maine, and Portsmouth, New Hampshire.

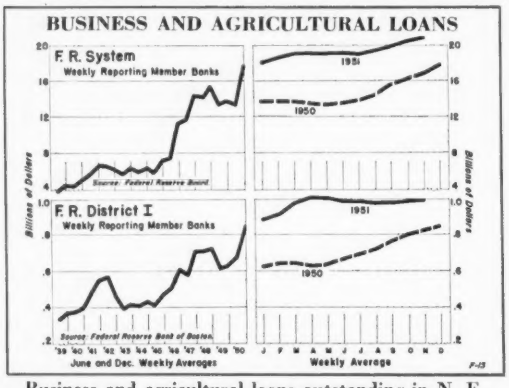
Over six per cent of the floor space of the *new* manufacturing buildings in the 37 eastern states was scheduled for construction in New England during the first eleven months of 1951, according to the F. W. Dodge Corporation. In November the value of awards for manufacturing buildings topped that in November 1950 by 83 per cent. The value of awards for residential construction in November rose unexpectedly and was twice the year-ago level. The increase centered on the apartment-building group. During the first three weeks of December, total construction awards in New England continued to exceed last year's level, by 37 per cent, with a large increase in residential awards.

Average consumers' prices in Massachusetts dipped a fraction in December, halting a steady seven-month rise. The combined index of the Massachusetts Department of Labor and Industries stood six per cent higher this December than a year ago and 10 per cent higher than in June 1950.



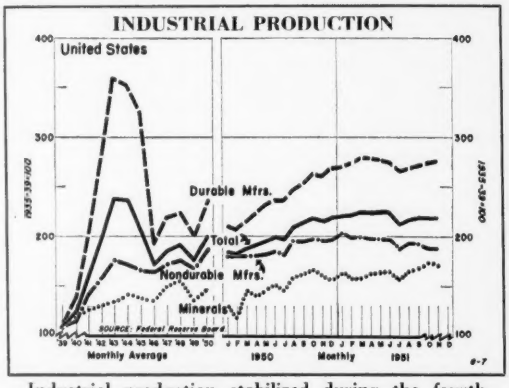
# Business Conditions

## BUSINESS AND AGRICULTURAL LOANS



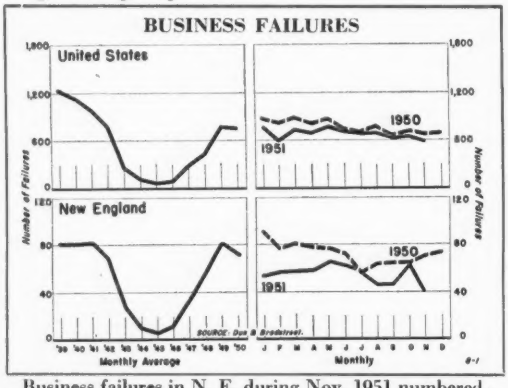

Business and agricultural loans outstanding in N. E. during Nov. 1951 were about 20 per cent higher than in Nov. 1950. Their rate of increase was faster in N. E. than in the nation during early 1951, but slower during the fall pickup in business.

## INDUSTRIAL PRODUCTION



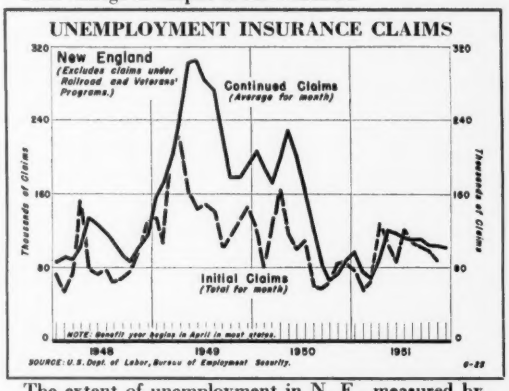

Industrial production stabilized during the fourth quarter of 1951 and reflected largely the slow rise of durable-goods output associated with national defense and a decline in minerals production. There was little change in output of non-durables.

## BUSINESS FAILURES



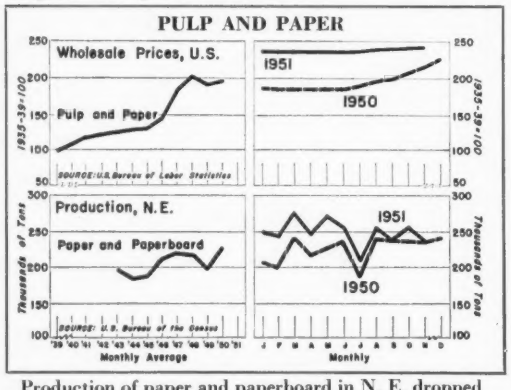

Business failures in N. E. during Nov. 1951 numbered 40 per cent less than a year ago. On an 11-month cumulative basis, N. E. reported about 25 per cent fewer failures in 1951 than in 1950, while the nation reported a 12 per cent decline.

## UNEMPLOYMENT INSURANCE CLAIMS



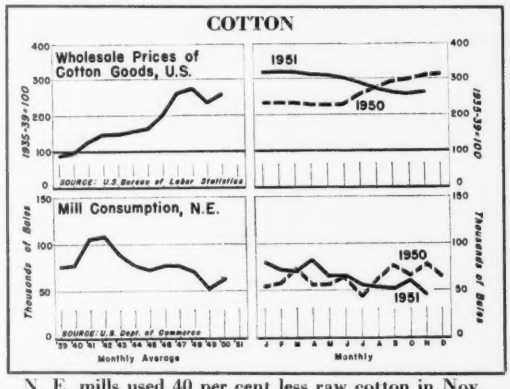

The extent of unemployment in N. E., measured by continued claims for unemployment insurance, was 17 per cent higher in Dec. 1951 than a year ago, but 46 per cent lower than in Dec. 1949. Initial claims were slightly higher in late 1951 than in late 1950.

## PULP AND PAPER




Production of paper and paperboard in N. E. dropped 8 per cent from Oct. to Nov. Nov. output, however, was slightly higher in 1951 than in 1950. Wholesale prices of pulp and paper in the U. S. were 13 per cent higher in late 1951 than a year ago.

## COTTON




N. E. mills used 40 per cent less raw cotton in Nov. 1951 than a year ago, and also less than in Nov. 1949. The wholesale price index of cotton goods in the U. S. was 14 per cent lower in Nov. 1951 than a year ago, but substantially higher than in Nov. 1949.